

MAR 26 2008

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8 UNITED STATES DISTRICT COURT  
9 EASTERN DISTRICT OF WASHINGTON

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 vs.

13 DIXIE ELLEN RANDOCK,

14 Defendant.

CR-05-180-1-LRS

Plea Agreement

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16  
17 Plaintiff United States of America, by and through James A. McDevitt,  
18 United States Attorney for the Eastern District of Washington, and George J.C.  
19 Jacobs, III, Assistant United States Attorney for the Eastern District of  
20 Washington, and Defendant, DIXIE ELLEN RANDOCK, and her counsel, Phillip  
21 J. Wetzal, agree to the following:

22 1. Guilty Plea and Maximum Statutory Penalties:

23 Pursuant to Fed.R.Crim.P. 11(c)(1)(C), DIXIE ELLEN RANDOCK agrees  
24 to plead guilty to Count 1 of the Indictment, dated October 5, 2005. Count 1  
25 charges her with Conspiracy to Commit Wire Fraud and Mail Fraud, in violation  
26 of 18 U.S.C. §§ 371, 1341 and 1343. The Defendant understands that this charge  
27 is a Class D felony offense that carries a maximum statutory penalty of: not more  
28 than a five-year term of imprisonment; not more than a \$250,000 fine; not more

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2 than a three-year term of supervised release; the payment of restitution; and a \$100  
3 special penalty assessment. The Defendant also agrees, pursuant to the terms of  
4 this Plea Agreement (*see infra* paragraph 20), to forfeit to the United States the  
5 real and personal property described in Count 3 of the Indictment (except as  
6 provided in paragraph 20 of this Plea Agreement), which alleges criminal  
7 forfeiture, pursuant to 18 U.S.C. §§ 981(a)(1)(c), 982(a)(1) and 28 U.S.C §  
8 2461(c).

9       2.     Violation of Supervised Release:

10       The Defendant understands that a violation of a condition of supervised  
11 release carries an additional penalty of re-imprisonment for all or part of the term  
12 of supervised release, without credit for time previously served on post-release  
13 supervision.

14       3.     The Court is Not a Party to the Agreement:

15       The Defendant and the United States acknowledge that the Court is not a  
16 party to this Plea Agreement and may accept or reject it. The Defendant  
17 understands: that sentencing is a matter solely within the discretion of the Court;  
18 that the Court is under no obligation to accept any recommendations made by the  
19 United States and/or by the Defendant; that the Court may obtain an independent  
20 report and sentencing recommendation from the U.S. Probation Office; and that  
21 the Court will, in its discretion, determine the sentence it deems appropriate, up to  
22 the statutory maximum penalty, notwithstanding the Rule 11(c)(1)(C) nature of  
23 this Plea Agreement. However, if the Court accepts this Plea Agreement under  
24 Rule 11(c)(1)(C), the Court is bound by the recommendations of the parties  
25 contained herein.

26       The Defendant acknowledges that no promises of any type have been made  
27 to the Defendant with respect to the sentence the Court will impose in this matter.  
28 The Defendant understands that the Court is required to consider the applicable

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2 sentencing range under the Sentencing Guidelines, but that the Court may depart  
3 upward or downward from the range if the Court rejects this Rule 11(c)(1)(C) plea  
4 and the Defendant nevertheless persists with a guilty plea. The Defendant  
5 understands that if the Court rejects this Rule 11(c)(1)(C) Plea Agreement and the  
6 Defendant persists with a guilty plea, the parties are free to recommend whatever  
7 sentence they deem appropriate, up to an including the statutory maximums. The  
8 Defendant and the United States acknowledge, however, that this Plea Agreement  
9 is entered pursuant to Fed.R.Crim.P. 11(c)(1)(C).

10 4. Waiver of Constitutional Rights:

11 The Defendant understands that by entering this plea of guilty she is  
12 knowingly and voluntarily waiving certain constitutional rights, including: (a.)  
13 The right to a jury trial; (b.) The right to see, hear and question the witnesses; (c).  
14 The right to remain silent at trial; (d.) The right to testify at trial; and (e.) The right  
15 to compel witnesses to testify.

16 While the Defendant is waiving certain constitutional rights, she also  
17 understands that she will retain the right to be assisted through the sentencing  
18 process and any direct appeal by an attorney, who will be appointed at no cost if  
19 she cannot afford to hire an attorney. She acknowledges that pending pretrial  
20 motions, if any, are waived.

21 5. Elements of the Offenses:

22 The Defendant acknowledges and agrees that, in order to be found guilty of  
23 Count 1 which charges her with Conspiracy to Commit Wire Fraud and Mail  
24 Fraud, in violation of 18 U.S.C. § 371, 1341, and 1343, the United States must  
25 prove the following elements beyond a reasonable doubt:

26 First, Beginning on a date unknown, but by on or about August 4, 1999,  
27 and continuing through on or about August 11, 2005, in the Eastern  
28 District of Washington and elsewhere, there was an agreement

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2 between at least two of the individuals charged in the Indictment to  
3 commit mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud,  
4 in violation of 18 U.S.C. § 1343, by executing a scheme and artifice  
5 to obtain money using the U.S. Postal Service or commercial  
6 interstate carriers and interstate and foreign wire communications to  
7 intentionally defraud consumers through the sales of materially false  
8 and fraudulent academic products and through materially false  
9 promises, statements or representations;

10 Second, DIXIE ELLEN RANDOCK became a member of the conspiracy  
11 knowing of at least one of its objects and intending to accomplish it;  
12 and

13 Third, DIXIE ELLEN RANDOCK or another conspirator, performed at least  
14 one overt act for the purpose of carrying out the conspiracy.

15 6. Factual Basis and Statement of Facts:

16 The Defendant acknowledges and agrees that, in proving the elements of the  
17 crime to which she is pleading guilty, the United States can establish the following  
18 facts beyond a reasonable doubt, that these facts constitute an adequate factual  
19 basis for her plea of guilty, and that for sentencing purposes neither party is  
20 precluded from presenting additional facts and arguing the relevance of the facts  
21 to the Sentencing Guidelines computation or to sentencing generally, unless  
22 otherwise prohibited by this Plea Agreement.

23 A. *Overview*

24 From on or about August 4, 1999, until on or about August 11, 2005, DIXIE  
25 ELLEN RANDOCK, Steven Karl Randock, Sr., Heidi Kae Lorhan, Roberta Lynn  
26 Markishtum, Kenneth Wade Pearson, Richard John Novak, Blake Alan Carlson,  
27 and Amy Leann Hensley conspired to operate an internet-based diploma business  
28 through which materially false and fraudulent academic products were sold to

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2 individual consumers. These products included high school degrees, college and  
3 graduate-level degrees (e.g., Bachelor of Arts, Bachelor of Sciences, Master of  
4 Arts, Master of Sciences, and Doctor of Philosophy), fabricated academic  
5 transcripts, and "Professorships." During this period, the diploma business sold  
6 approximately \$6,282,679.00 in fraudulent academic products to thousands of  
7 individual consumers located in the United States and elsewhere.

8 At least seven different locations were being used to operate the diploma  
9 business, including: (1) the residence of DIXIE ELLEN RANDOCK and Steven  
10 Karl Randock, Sr. located in Colbert, Washington; (2) the residence of Heidi  
11 Lorhan located in Veradale, Washington; (3) the residence of Amy Hensley  
12 located in Spokane, Washington; (4) the residence of Richard Novak located in  
13 Peoria, Arizona; (5) office space within "Home Boys", a business located at 14525  
14 North Newport Highway located in Mead, Washington; (6) office space rented at  
15 Suite 8-B, 601 East Seltice Way in Post Falls, Idaho; and (7) the residence of Ken  
16 Pearson located in Spokane, Washington. In addition, at least two mail  
17 forwarding boxes located in Washington, D.C. and Wilmington Delaware, were  
18 being used in connection with the operation of the diploma business.

19 The conspirators created and used internet websites to advertise diplomas  
20 and academic products for sale. These websites purported to be legitimate  
21 academic "entities" that sold legitimate academic products based on legitimate  
22 academic assessments. The conspirators created numerous "entities" using names  
23 such as:

24 Saint Regis University; James Monroe University; Robertstown University;  
25 Holy Acclaim University; Ameritech University; Fort Young University;  
26 Pan America University; All Saints American University; American Capital  
27 University; Blackstone University; Capital America University; Hampton  
28 Bay University; Hartland University; Intech University; Nation State  
University; New Manhattan University and Graduate Institute; North United  
University; Port Rhode University; St. Lourdes University; Saint Renoir  
University; Stanley State Graduate University; Van Ives University; West  
American University; International MBA Institute; Apollo Certification

1  
2 Institute; James Monroe High School; Liberty Academy Preparatory High  
3 School; Trinity Christian High School; Mission College Preparatory High  
4 School; and Bradford Academy College Preparatory High School.

5 The conspirators also used the websites to sell counterfeit diplomas and academic  
6 products purporting to be from legitimate academic institutions, such as the  
7 University of Maryland, George Washington University, Missouri University, and  
8 Texas A&M University.

9 Conspirators communicated with consumers on behalf of the "entities"  
10 using e-mail transmittals (which affected interstate commerce) using materially  
11 false names, credentials, pretenses, promises, and representations. Unbeknownst  
12 to the defrauded consumers, however, these entities were nonexistent shells that  
13 conducted no academic business whatsoever. Nonetheless, the conspirators  
14 falsely represented that they were representing legitimate, on-going, degree-  
15 conferring institutions.

16 Generally, the cost of a high school diploma was \$350-\$400 and an  
17 undergraduate or graduate "degree" was \$500 -\$1,200. As directed by  
18 conspirators, defrauded consumers sent payment for the academic products  
19 through the U.S. mails and over the wires via credit card payment. Defrauded  
20 consumers paid for the academic products using: checks sent through the United  
21 States Postal Service; electronic money transfers via a PayPal account, which is an  
22 online bill paying service; Western Union wire transfer service; and Worldpay,  
23 which is a company used to receive credit card payments.

24 Once payment was received from a defrauded consumer, the conspirators  
25 manufactured the academic product(s) purchased. For example, using an  
26 electronic template a diploma, transcript, and other documents would be  
27 individualized for a consumer. The documents would be printed, packaged, and  
28 mailed via the U.S. Postal Service or commercial interstate carrier.

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2           *B. Co-conspirator Amy Hensley's Statements*

3           Ms. Hensley stated that, in January 2000, she began working at A+ Institute,  
4 a real estate instructional business operated by DIXIE ELLEN RANDOCK. After  
5 working at A+ Institute for a period of time, Ms. Hensley noticed that another  
6 employee was packaging diplomas to be mailed. She also noticed that checks,  
7 written in amounts significantly higher than the cost of any real estate course  
8 offered at A+ Institute, were arriving in the business' mail. Ms. Hensley stated  
9 that she gave those checks to Steven Karl Randock, Sr.

10           Ms. Hensley explained that DIXIE ELLEN RANDOCK told her that she  
11 (Randock) had a diploma business, which DIXIE ELLEN RANDOCK described  
12 as doing life experience evaluations for "Concordia" University located in  
13 Dominica. DIXIE ELLEN RANDOCK told Ms. Hensley that the evaluations  
14 were based on a person's prior learning and life experience. The diplomas and  
15 checks that Ms. Hensley had noticed were associated with the diploma business.

16           Ms. Hensley stated that DIXIE ELLEN RANDOCK got her involved in the  
17 diploma business after she asked DIXIE ELLEN RANDOCK for a loan. While  
18 Ms. Hensley continued working for A+ Institute during normal business hours, she  
19 did "evaluations" for DIXIE ELLEN RANDOCK's diploma business after hours.  
20 She was paid on a commission basis. In August 2004, Ms. Hensley started  
21 working full time for the diploma business.

22           DIXIE ELLEN RANDOCK demonstrated how to sell academic products to  
23 consumers. An interested consumer who accessed a website for one of the shell  
24 "entities" would be sent an e-mail containing an internet hyperlink. The e-mail  
25 would instruct the consumer to click on the hyperlink if he/she wanted to purchase  
26 an academic product. Ms. Hensley stated that DIXIE ELLEN RANDOCK gave  
27 her a laptop computer to use for the diploma business. Ms. Hensley explained that  
28 she used the laptop computer to communicate via the internet with consumers.

1  
2 Ms. Hensley purchased her own laptop computer after DIXIE ELLEN RANDOCK  
3 took back the original laptop computer. DIXIE ELLEN RANDOCK downloaded  
4 documents for Ms. Hensley to use on her new computer when communicating with  
5 consumers, including a transcript file, a template file, a results file and a letters  
6 file. DIXIE ELLEN RANDOCK gave the original laptop to her daughter, Heidi  
7 Kae Lorhan, who also used it in the diploma mill business.

8 DIXIE ELLEN RANDOCK instructed Ms. Hensley on how to sell academic  
9 products to consumers. DIXIE ELLEN RANDOCK gave Ms. Hensley boiler plate  
10 documents to use when communicating with a consumer. Following DIXIE  
11 ELLEN RANDOCK's instruction, Ms. Hensley represented herself as being an  
12 "advisor." When Ms. Hensley communicated with consumers, she identified  
13 herself as "Advisor Tim." She told consumers that a peer advisory group would  
14 assess their life experience and determine whether they were qualified for  
15 academic products. No meaningful assessment, however, was done. In playing  
16 her role of "Advisor Tim," Ms. Hensley followed a rote script concerning what  
17 degrees and/or diplomas a consumer could obtain, the academic course work  
18 purportedly equivalent to a consumer's life experience, and the grades to which a  
19 consumer was entitled to receive. If Ms. Hensley was uncertain about the type of  
20 academic product a consumer could purchase, she would forward information  
21 about the consumer to DIXIE ELLEN RANDOCK, who would then create a  
22 product.

23 Ms. Hensley created the academic products for a consumer using generic  
24 templates that DIXIE ELLEN RANDOCK had given her. Ms. Hensley would, for  
25 example, fill in the consumer's name, degree "conferred," and date of  
26 "matriculation" on specific academic products. DIXIE ELLEN RANDOCK gave  
27 Ms. Hensley instructions concerning which signatures and titles should appear on  
28 the false and fraudulent academic products. Ms. Hensley knew that the names (for



1  
2 example, Patrick O'Brien, Stephen Frendock, Patrick Sullivan) and titles (for  
3 example, President, Dean of Studies, Chief Provost, and Registrar of Official  
4 Academic Records) that were affixed to the academic products were fictitious,  
5 false and fraudulent. DIXIE ELLEN RANDOCK gave her several signature  
6 stamps to use on the academic products.

7 By way of further example, DIXIE ELLEN RANDOCK gave Ms. Hensley  
8 pre-completed "transcripts" that corresponded to the particular type of "degree,"  
9 which contained the major area of study, course listings, letter grades, final grade  
10 point average, credit hours, and SAT scores. In some cases, DIXIE ELLEN  
11 RANDOCK had not yet created a transcript to correspond to a particular type of  
12 "degree." In those instances, DIXIE ELLEN RANDOCK instructed Ms. Hensley  
13 to conduct a "Google" search to determine the course work necessary to obtain  
14 such a degree legitimately. Ms. Hensley would then create a new transcript by  
15 "cutting and pasting" the courses identified through her internet search.

16 The "transcripts" also contained a "certification" from the Registrar of  
17 Official Academic Records as well as the address and telephone number for the  
18 Official Transcript Archive Center -- a mail forwarding drop box created by  
19 DIXIE ELLEN RANDOCK and Steven Karl Randock, Sr.

20 After individualizing the templates, Ms. Hensley sent a proof of the  
21 "academic products" to the consumer. If the consumer was satisfied and there  
22 were no misspellings, payment was forwarded. In her role as "Advisor Tim," Ms.  
23 Hensley told consumers about the costs associated with the academic products and  
24 how payment should be made. She told consumers to pay by check, money order,  
25 Western Union transfer, or electronic transfer using PayPal, Worldpay, or Bank of  
26 Fairfield accounts which DIXIE ELLEN RANDOCK and Steven Karl Randock,  
27 Sr. had established. Once payment was received from a consumer, the academic  
28 products and related documents would be printed in the State of Washington or

1  
2 Idaho and then shipped via the United States Postal Service or commercial  
3 interstate carrier to the consumer in other States and countries.

4 DIXIE ELLEN RANDOCK sold false and fraudulent degrees based on  
5 materially false promises, statements or representations which she knew induced  
6 others to part with money or property.

7 C. *DIXIE ELLEN RANDOCK's Diploma Business Manufactured*  
8 *Counterfeit Degrees in the Names of Legitimate Universities*  
9 *Operating in the United States*

10 DIXIE ELLEN RANDOCK's diploma business manufactured counterfeit  
11 degrees in the names of legitimate universities operating in the United States. For  
12 example, DIXIE ELLEN RANDOCK's diploma business manufactured a  
13 counterfeit Bachelor of Science in Criminal Justice degree and an academic  
14 transcript in the name of the University of Maryland. DIXIE ELLEN  
15 RANDOCK's diploma business manufactured a Bachelor of Business  
16 Administration "degree" and academic transcript in the name of the University of  
17 Tennessee. DIXIE ELLEN RANDOCK's diploma business also manufactured  
18 counterfeit Bachelor of Science in Criminal Justice and Bachelor of Arts degrees  
19 and transcripts in the name of Texas A&M University. The counterfeit University  
20 of Tennessee and Texas A&M University "degrees" that DIXIE ELLEN  
21 RANDOCK's diploma business manufactured bear the signatures of two officials  
22 from each university: "Patrick O'Brien" and "James Cooper." The name "Patrick  
23 O'Brien" appears on the left-hand corner of the degrees as the "Chairperson,  
24 Board of Trustees" of the University of Tennessee and Texas A&M University.  
25 The name "James Cooper" appears on the lower right-hand corner of the degrees  
26 as the "President & Chief Provost" for both universities. A cooperating individual  
27 has stated that "James Cooper" was one of the eleven alias names used by DIXIE  
28 ELLEN RANDOCK. "Patrick O'Brien" was a false name that was used on false

1  
2 degrees and in furtherance of the conspiracy. DIXIE ELLEN RANDOCK's  
3 diploma business also manufactured a Doctor of Philosophy (PhD) degree and  
4 academic transcript in the name of George Washington University in Washington,  
5 D.C. DIXIE ELLEN RANDOCK's diploma business did not have the authority to  
6 grant University of Maryland, University of Tennessee, Texas A&M University,  
7 or George Washington University degrees or transcripts.

8           D.    *DIXIE ELLEN RANDOCK's Diploma Business Manufactured*  
9                *Academic Products Using Names of Fictitious University*  
10                *Officials*

11           DIXIE ELLEN RANDOCK and her diploma business employees routinely  
12 manufactured degrees, transcripts and other academic products that bore the  
13 signatures of fictitious university officials. For example, DIXIE ELLEN  
14 RANDOCK's diploma business manufactured a Doctor of Philosophy (PhD) in  
15 Clinical Hypnotherapy degree in the name of St. Regis University. The degree  
16 lists one of DIXIE ELLEN RANDOCK's alias name, "Patrick O'Brien" as the  
17 "Dean of Studies." The St. Regis University transcript that was manufactured for  
18 that degree lists "Rick Novak" as the "Registrar of Official Academic Records."  
19 Another academic product that DIXIE ELLEN RANDOCK's diploma business  
20 manufactured lists "Jayne W. Johnson" as the "Chairman of the Official Archive  
21 Registry." "Jayne W. Johnson" was another alias name used by DIXIE ELLEN  
22 RANDOCK in furtherance of the scheme. DIXIE ELLEN RANDOCK's diploma  
23 business also manufactured a Bachelor of Science in Biomedical Laboratory  
24 Science degree in the name of Saint Lourdes University. The degree bears the  
25 signature of two fictitious university officials: "Patrick O'Brien" as the  
26 "Chairperson, Board of Trustees," and "Stephen Frendock" as the "President &  
27 Chief Provost." When interviewed on August 11, 2005, by the United States  
28 Secret Service, Defendant Steven Karl Randock, Sr., stated that he used the alias

1  
2 name "Fr. Frendock." The Saint Lourdes University transcript that was  
3 manufactured also represents that it was issued under the authority of "Elizabeth  
4 Worthington" as the "Registrar of Official Academic Records." This was an alias  
5 name used by Ms. Hensley. To create the appearance of legitimacy, also enclosed  
6 in the vinyl degree jacket was an official-looking black and gold seal bearing the  
7 following entry, "A Recognized School of Excellence, Blue Ribbon Schools  
8 Program, U.S. Department of Education."

9 *E. Co-conspirator Richard Novak's Statements*

10 In 2002, Richard Novak agreed to work for DIXIE ELLEN RANDOCK. At  
11 first, he did not know that the "schools" DIXIE ELLEN RANDOCK was  
12 operating were diploma mills but he eventually realized that they were. Mr.  
13 Novak stated that when he first started working for St. Regis University in March,  
14 2002, he did not know what a diploma mill was. However, after he began working  
15 for DIXIE ELLEN RANDOCK, she would send him many emails (often from  
16 individuals posting statements on a website called degreeinfo.com) which  
17 "slammed" St. Regis University, and he was quickly educated in what a diploma  
18 mill was. Mr. Novak stated that the degrees that DIXIE ELLEN RANDOCK and  
19 her employees sold were not a real product, because he knew that the people who  
20 purchased a Doctor of Philosophy (PhD) degree through DIXIE ELLEN  
21 RANDOCK's schools did not earn that degree. Mr. Novak indicated that if he  
22 saw a doctor or an attorney who had a St. Regis University degree that was  
23 purchased from one of DIXIE ELLEN RANDOCK's "schools," he would not  
24 want that person to treat or represent him because the person would not be  
25 qualified. Mr. Novak stated that none of the degrees that DIXIE ELLEN  
26 RANDOCK sold were valid or authentic. Mr. Novak stated that he became further  
27 suspect of the legitimacy of DIXIE ELLEN RANDOCK's operation when she  
28 made up titles for him to use when communicating with third parties. Mr. Novak

1  
2 recalled seeing his name and another Defendant's name listed as "professors" on  
3 the St. Regis University website. He told DIXIE ELLEN RANDOCK to remove  
4 his name because he did not have the credentials of a true professor, and it was  
5 false. He also said that another individual's name was advertised on the St. Regis  
6 University website as being a professor who had a PhD. In reality, the person  
7 listed did not have a PhD, the biography about the person that appeared on the  
8 web page was false, and the person was the manager of an internet café (however,  
9 the web page did not mention that). Mr. Novak stated that he never saw DIXIE  
10 ELLEN RANDOCK's or her husband's, Steven Karl Randock, Sr., names  
11 advertised on the St. Regis University website. When Mr. Novak asked DIXIE  
12 ELLEN RANDOCK about this, she replied that they wanted to remain anonymous  
13 on the St. Regis University website. He also stated that DIXIE ELLEN  
14 RANDOCK used the fictitious name "Thomas Carper" when communicating with  
15 third parties in connection with her diploma mill.

16 Mr. Novak stated that Heidi Lorhan and another individual were "advisors"  
17 for St. Regis University. He stated that none of the "advisors" were college  
18 graduates, and that they used fictitious names when dealing with the public.  
19 According to Mr. Novak, a prospective St. Regis University student would  
20 complete an on-line application that would then be evaluated by a St. Regis  
21 University "advisor." He stated that the advisors were not qualified to perform the  
22 evaluations. He stated that DIXIE ELLEN RANDOCK asked him to be an  
23 advisor and to evaluate applications that were sent in. However, he declined.

24 Mr. Novak stated that he has known DIXIE ELLEN RANDOCK since high  
25 school, and that she did not attend college or graduate school. Mr. Novak stated  
26 that DIXIE ELLEN RANDOCK told him that she started St. Regis University  
27 because she saw it as a good way to make money. Mr. Novak stated that James  
28 Monroe University and Robertstown University were also created by DIXIE

1  
2 ELLEN RANDOCK. Mr. Novak stated that DIXIE ELLEN RANDOCK told him  
3 that prior to her involvement with St. Regis University, she was involved in  
4 obtaining "accreditations" from Italy, Dominica, and Russia. According to Mr.  
5 Novak, DIXIE ELLEN RANDOCK told him that the more accreditations you  
6 have, the better it is to do business. Mr. Novak stated that in June, 2002, DIXIE  
7 ELLEN RANDOCK told him that she wanted to get accreditation for St. Regis  
8 University, and she recommended that he try to get it from Liberia. Mr. Novak  
9 stated that at that time, he did not fully understand how DIXIE ELLEN  
10 RANDOCK's schools operated, and he asked her why she could not obtain  
11 accreditation for St. Regis University from the United States. According to Mr.  
12 Novak, DIXIE ELLEN RANDOCK indicated to him that, for what "we" do, "you"  
13 cannot be accredited in the United States. Mr. Novak stated that he and DIXIE  
14 ELLEN RANDOCK discussed that the only way to get what they wanted  
15 (accreditation) from Liberia was to "bribe" officials. Mr. Novak stated that he  
16 discussed with DIXIE ELLEN RANDOCK who they needed to "bribe," and what  
17 they would get in return. Mr. Novak also stated that DIXIE ELLEN RANDOCK  
18 created an entity called the National Board of Education (NBOE) as the parent  
19 company of St. Regis University. Mr. Novak stated that DIXIE ELLEN  
20 RANDOCK wanted to use NBOE to sell accreditations to other on-line schools.

21 *F. Statements of Cooperating Individual Identified by the Initials*  
22 *"P.M." Who Worked As an "Advisor" for DIXIE ELLEN*  
23 *RANDOCK's Diploma Business*

24 In 2001, DIXIE ELLEN RANDOCK hired an individual identified by the  
25 initials "P.M." to work as an "advisor" and to sell degrees. P.M. dropped out of  
26 high school in the tenth grade and her prior work experience included working as  
27 a farrier, grading potatoes for a produce company in Alaska, gas station attendant,  
28 and a nurse's aide. DIXIE ELLEN RANDOCK provided P.M. with "templates" to

1  
2 use for manufacturing transcripts for consumers. Because P.M. had worked as a  
3 nurse's aide she did not like giving nursing degrees to consumers who had  
4 contacted Saint Regis University. P.M. estimated that on approximately three  
5 occasions DIXIE ELLEN RANDOCK instructed her to issue nursing degrees.  
6 When interviewed by law enforcement in 2006, P.M. recalled that she refused to  
7 issue nursing degrees to approximately ten consumers. However, those consumers  
8 were then referred to Defendant Heidi Lorhan for approval. P.M. recalled having  
9 a conversation with DIXIE ELLEN RANDOCK about medical doctor degrees  
10 whereby DIXIE ELLEN RANDOCK stated that you did not want to go into your  
11 doctor's office and see a Saint Regis University degree. P.M. also said that after  
12 September 11, 2001, DIXIE ELLEN RANDOCK told her that Saint Regis  
13 University would not issue Chemical Engineering degrees.

14 G. *United States Department of Homeland Security, United States*  
15 *Secret Service Agent, Acting in an Undercover Capacity,*  
16 *Purchases Degrees from DIXIE ELLEN RANDOCK's Diploma*  
*Business*

17 On February 28, 2005, a Secret Service Agent, acting in an undercover  
18 capacity and using an undercover computer, made contact with "James Monroe  
19 University High School," via their website at  
20 [www.jamesmonroeuniversity.ac/jmu\\_admission.html](http://www.jamesmonroeuniversity.ac/jmu_admission.html). At this site, the agent, using  
21 an undercover alias of eighteen- year old Jeffrey Rowley, was solicited/prompted  
22 to complete an "assessment of competency." Shortly after completing the "James  
23 Monroe University High School" online form, the agent received an e-mail from  
24 [forward1@university-services.net](mailto:forward1@university-services.net) on his undercover e-mail account, inviting him  
25 to take a free online exam to test for the agent's qualifications to receive a high  
26 school diploma and/or Associates of Arts degree. The e-mail requested the agent  
27 to go to [http://www.university-services.net/james\\_sre/high\\_school/test/html](http://www.university-services.net/james_sre/high_school/test/html) to  
28 take the test. On February 28, 2005, the agent, acting in an undercover capacity,

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1  
2 purposefully answered approximately seventy-five percent of the 125 questions  
3 incorrectly in order to judge the integrity of the test's scoring system. After  
4 completing the questions, the website indicated that the agent tested to the  
5 equivalency of a 3.1 GPA for high school, and a 3.2 GPA for an AA college  
6 degree. The site then solicited the agent to purchase any number of potential  
7 diploma packages including transcripts, degrees, and supporting documents.  
8 Utilizing an undercover credit card account, the agent purchased "transcripts" for  
9 both high school and an AA degree, a high school diploma, an AA degree, and  
10 supporting documents of accreditation verification. The agent's undercover credit  
11 account was subsequently charged \$399.00 via a PayPal online charging service.

12 A Secret Service Agent also conducted an undercover purchase of  
13 undergraduate and advanced degrees from DIXIE ELLEN RANDOCK's diploma  
14 mill. On May 13, 2005, the agent received an e-mail to his undercover e-mail  
15 account for "Mohammed Syed" from "Advisor James" at forward1@university-  
16 services.net. "James" represented that he was an "advisor" for "James Monroe  
17 University," and he asked for additional information from "Mohammed Syed."  
18 The agent, acting in an undercover capacity, indicated that "Mohammed Syed"  
19 would like to purchase a Bachelor of Sciences and Masters degree in Chemical  
20 Engineering. On May 14, 2005, the agent received an e-mail to his "Mohammed  
21 Syed" undercover e-mail account from "advisor James" informing "Syed" that he  
22 would be unable to purchase a chemical engineering degree because "James  
23 Monroe" did not have "faculty" in that specific area, however, he could purchase  
24 degrees in "chemistry" and "environmental engineering." On May 17, 2005, the  
25 agent received an e-mail to his undercover account for "Mohammed Syed"  
26 thanking him for submitting his application to James Monroe University and  
27 notifying him that "our Office of Admission" has approved him for four degrees  
28 (Bachelor of Science in Environmental Engineering, Bachelor of Science in



1  
2 Chemistry, Master of Science in Environmental Engineering, and Master of  
3 Science in Chemistry).” The e-mail further indicated that his “evaluation placed  
4 him in the top percentage of applicants,” that James Monroe University was  
5 “multi-nationally accredited and recognized the world over,” and “all that remains  
6 is for you to pay the graduation fee.” The e-mail indicated that James Monroe  
7 University accepted payment by all major credit cards, as well as by PayPal, bank  
8 wire transfers, and checks. The agent, acting in his undercover capacity,  
9 purchased three degrees (Bachelor of Sciences in Chemistry, Master of Sciences in  
10 Chemistry, and a Masters in Environmental Engineering) for \$1,277.

11 *H. Sample Emails Seized Pursuant to Search Warrants Executed*  
12 *During the United States Secret Service's Investigation into*  
13 *DIXIE ELLEN RANDOCK's Activities*

14 The following e-mails are only a representative sample of the e-mails that  
15 were obtained from DIXIE ELLEN RANDOCK's computers pursuant to search  
16 warrants. In an e-mail dated September 20, 2003, DIXIE ELLEN RANDOCK  
17 sent Kenneth Pearson the following instructions: “. . . we all need to make our  
18 emails come from Africa or somewhere but not Spokane. The advisors too.” In an  
19 e-mail dated November 29, 2001, DIXIE ELLEN RANDOCK instructed Ms.  
20 Hensley to use the “unreadable signature” of S[aint] R[egis] U[niversity]'s  
21 President” which she gave to Ms. Hensley. DIXIE ELLEN RANDOCK also  
22 instructed Ms. Hensley not to print the St. Regis University president's name  
23 “because there is no name.”

24 In an e-mail dated August 21, 2004, to her husband, DIXIE ELLEN  
25 RANDOCK said that she needed “to approach and accredit all of [person's last  
26 name identified by the initial “H.” not redacted in original e-mail] \_\_\_'s mills,”  
27 and that “[h]e actually has [school name not redacted in original] and [school  
28 name not redacted in original] thru that silly ADLP that I made for him years ago.”  
In an e-mail dated May 27, 2003, and captioned, “I have a proposal for all the

1  
2 advisors,” DIXIE ELLEN RANDOCK, using the alias name and academic title  
3 “Thomas Carper, PhD, Ed D” notified “Steve,” “Timothy,” “James,” Patrick,”  
4 “Advisor John,” and other persons that she “got each of . . . [them] a PhD and/or  
5 Ed D from a Louisianan school named American Coastline University backdated  
6 years ago when they were a fully legal school.” DIXIE ELLEN RANDOCK did  
7 this in connection with assisting two other “competitor universities” “put together  
8 a faculty of professors/advisors.” In an e-mail dated August 17, 2003, DIXIE  
9 ELLEN RANDOCK instructed several advisors to “call [a particular telephone  
10 number] as though you are looking for a degree, ... ask loads of questions and take  
11 notes.” DIXIE ELLEN RANDOCK estimated that her advisors “might make  
12 \$1,000 a day doing this for James Monroe U.” DIXIE ELLEN RANDOCK also  
13 told her advisors that she “will do massive spams” with their “j2 voice mail phone  
14 number[s].”

15 In an e-mail string dated August 26, 2004, DIXIE ELLEN RANDOCK  
16 using the false identity “Thomas Carper” notifies an individual that:

17 As you may know, it seems to be very difficult to verify our  
18 Accreditations with Embassies or Consulates in other countries (Like  
19 UK, etc). Hence, we request you to grant us with some diplomat  
20 documents in the rank of Consul or Above in the name of [person's  
21 name not redacted in original] who is in India, and Steve Randock in  
22 Washington State. If we get these two documents we will set up a  
23 Consulate on our own for you and we will take care of these  
24 expenses. Then the consulates will be used as place[s] of verification  
25 of accreditations and that will be helpful and useful for us. You need  
26 not spend anything to set up the consulate. We request you to  
27 authorize the documents and we will do the rest for you. We will take  
28 care of all the expenses and I will pay you \$2,000 for this service.

24 The individual replied, suggesting that an “amount of up to \$25,000 to \$30,000  
25 [be paid] at the Foreign Ministry” and that he “could serve . . . as . . . [she]  
26 suggest[s].” The individual writes that \$2,500 is needed “for the three  
27 universities,” that “[r]ight now the National Commission of Higher Education is  
28 disclaiming [a]lot of schools or universities” and they need to “work fast.”

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1  
2 “Thomas” replied, asking the individual where to send the \$2,500, and notifying  
3 him that he/she will “include an additional \$500 for you to send these  
4 [accreditations] to me and you may keep the difference.” According to an e-mail  
5 obtained from DIXIE ELLEN RANDOCK’s laptop computer, dated September  
6 20, 2003, “There is no Thomas Carper. I made him up . . . .”

7  
8 *I. DIXIE ELLEN RANDOCK’s Diploma Business Manufactured*  
9 *a Medical Degree*

10 In 2002, an individual identified by the initials “M.H.” read an  
11 advertisement in an airline magazine about obtaining a degree from Saint Regis  
12 University. In September 2002, M.H. accessed the Saint Regis University website  
13 because he wanted to obtain a Doctor in Medicine degree based on his  
14 background. The Saint Regis University website led him to believe that it was a  
15 legitimate institution which had a staff qualified to evaluate his life experiences  
16 and to determine whether he could be awarded a Doctor in Medicine degree. M.H.  
17 was encouraged to complete a form and submit it to  
18 advisor\_james@saintregisedu.org and 1@universityservices.net, an email  
19 addresses DIXIE ELLEN RANDOCK had assigned to Heidi Lorhan. Heidi  
20 Lorhan falsely identified herself to M.H. as “Advisor James” of Saint Regis  
21 University and, even though she possessed no educational background in  
22 medicine, she “evaluated” M.H.’s life experience for a Doctor of Medicine degree.  
23 Heidi Lorhan, using the false identity “Advisor James,” represented to M.H. that  
24 he could obtain his “degree” based on his life/employment experience and by  
25 paying \$1,200 to Saint Regis University. M.H. also paid an additional \$295 to  
26 DIXIE ELLEN RANDOCK to have the degree “authenticated” so he could use it  
27 overseas, and a \$36.00 fee in order to have his degree and transcript shipped to  
28 North Carolina. On September 19, 2002, DIXIE ELLEN RANDOCK received

1  
2 M.H.'s \$1,531 payment. From that, DIXIE ELLEN RANDOCK paid Heidi  
3 Lorhan a \$209.25 commission for selling M.H. a degree.

4 After receiving M.H.'s payment, the following Saint Regis University  
5 academic products were manufactured and sent to M.H. in North Carolina: a  
6 Doctor in Medicine "degree," bearing the names of fictitious university officials, a  
7 Saint Regis University "transcript" reflecting that M.H. had been awarded a  
8 Doctor of Medicine degree, received credit for courses taken elsewhere, had taken  
9 courses offered at Saint Regis University. The transcript also indicated that  
10 M.H.'s Saint Regis University Doctor of Medicine degree could be verified by  
11 contacting "Saint Regis Verifications at (877)-736-0812 or the "Official Transcript  
12 Archive Center" at (202)-478-0699, located at 611 Pennsylvania Avenue, SE, #  
13 211, Washington, D.C. 20003-4303.

14 Heidi Lorhan communicated with M.H. using e-mail transmittals affecting  
15 interstate commerce and using materially false names, pretenses, promises, and  
16 representations.

17 J. *DIXIE ELLEN RANDOCK's Diploma Business Manufactured*  
18 *a Bachelor of Science Degree in Nuclear Engineering*

19 In September 2003, an individual identified by the initials "D.H." was  
20 browsing the internet searching for on-line universities. D.H.'s search ultimately  
21 led him to DIXIE ELLEN RANDOCK's Robertstown University internet site.  
22 D.H. accessed the Robertstown University website because he wanted to obtain a  
23 degree based on his background. The Robertstown University website led him to  
24 believe that it was a legitimate institution which had a staff qualified to evaluate  
25 his life experiences and to determine what degree he could be awarded. D.H. was  
26 encouraged to complete a form and submit it to one of Robertstown University's  
27 email addresses, 4@university-services.net., which he did. Shortly thereafter,  
28

1  
2 D.H. was notified by email that his life experiences qualified him for a Bachelor of  
3 Science degree in Nuclear Engineering from Robertstown University.  
4

5 After receiving D.H.'s payment, the following Robertstown University  
6 academic products were manufactured and sent to D.H. in Wisconsin: a Bachelor  
7 of Science in Nuclear Science "degree" bearing the stamped signature of an alias  
8 name and title used by DIXIE ELLEN RANDOCK, "Patrick O'Brien, Dean of  
9 Studies;" and a Robertstown University "Student Transcript" reflecting that D.H.  
10 had been awarded a Bachelor of Science in Nuclear Engineering degree, had taken  
11 thirty courses offered by Robertstown University's Nuclear Physics, Nuclear  
12 Engineering, Mathematics, and other Departments, and had earned twenty-eight  
13 "A's" and two "B's" in those courses as a student at Robertstown University.

14 *K. Roles of Additional Coconspirators*

15 Heidi Kae Lorhan, like Amy Hensley, participated in the conspiracy as an  
16 advisor, using the identity "Advisor James," to sell false and fraudulent degrees  
17 based on materially false promises, statements or representations. Blake Alan  
18 Carlson participated in the conspiracy as an advisor, using the identity "Professor  
19 Blackwell" to sell false and fraudulent degrees based on materially false promises,  
20 statements or representations. Roberta Lynn Markishtum participated in the  
21 conspiracy by selling false and fraudulent high school diplomas, making false  
22 representations over the telephone, manufacturing fraudulent academic products,  
23 and by printing, packaging and shipping the products. Kenneth Wade Pearson  
24 participated in the conspiracy by knowingly hosting false and fraudulent websites  
25 used by the diploma mill and by printing fraudulent academic products. Richard  
26 John Novak participated in the conspiracy by knowingly obtaining legitimate  
27 apostilles and other attestations, which were thereafter affixed to unrelated  
28 fraudulent academic products sold by the diploma mill.

1  
2       7.     Waiver of Inadmissibility of Statements:

3       The Defendant agrees that, if she withdraws her guilty plea, she waives the  
4 inadmissibility of statements, if any, made in the course of plea discussions with  
5 the United States, pursuant to Fed. R. Crim. P. 11(f). The Defendant agrees  
6 further that any such inadmissible statements also include those statements made  
7 at the change of plea hearing to establish facts sufficient for the Court to accept  
8 her plea of guilty. The Defendant agrees that this waiver permits the United States  
9 to introduce any such inadmissible statements in its case-in-chief. However, if the  
10 Court rejects this Rule 11(c)(1)(C) Plea Agreement, this waiver is void.

11       8.     The United States Agrees:

12           a.     *Dismissals:*

13       The United States agrees that, at the time of sentencing, it will move to  
14 dismiss Count 2 of the Indictment, which charges the Defendant with Conspiracy  
15 to Launder Monetary Instruments, in violation of 18 U.S.C. § 1956(h). The  
16 United States further agrees that, after sentencing and after the Defendant has been  
17 debriefed, the United States will move to dismiss the civil forfeiture case, (Cause  
18 Number CV: 05-239-EFS), pending in the United States District Court for the  
19 Eastern District of Washington.

20           b.     *Not to File Additional Charges:*

21       The United States Attorney's Office for the Eastern District of Washington  
22 agrees to bring no additional charges against the Defendant based upon  
23 information in its possession at the time of this Plea Agreement and arising out of  
24 the Defendant's conduct involving illegal activity charged in Indictment, unless  
25 the Defendant breaches this Plea Agreement any time before or after sentencing.

26       9.     The Defendant Agrees to Participate in Debriefings:

27       The Defendant agrees to participate in full debriefings by federal and local  
28 investigative agencies and identify the source, location, and nature of any and all

1  
2 domestic and foreign assets, including bank accounts, controlled directly or  
3 indirectly, owned, transferred, hidden, placed in the name of a nominee, held in  
4 the name of a corporation, trust, third party, or other entity, including Children's  
5 Future Trust, at times and places to be decided by these agencies. The Defendant  
6 agrees to provide complete, accurate and truthful information to these agencies.  
7 The Defendant agrees to voluntarily produce any and all documents, records, or  
8 other tangible evidence relating to assets, including bank accounts, about which  
9 the law enforcement agencies inquire. The Defendant agrees to not protect any  
10 person or entity through false information or omission. It is understood that the  
11 Defendant may have an attorney present at any or all such debriefings.

12 The Defendant agrees that the United States may, at its option and upon  
13 written notice to the Defendant, withdraw from this Plea Agreement or modify its  
14 recommendation for sentence if the Defendant fails to provide truthful, complete  
15 and honest information during any such debriefings.

16 10. Effect of Breach:

17 The Defendant agrees that if she breaches this Plea Agreement: the  
18 agreement is null and void; she expressly waives the right to challenge the  
19 initiation of additional charges against her for any criminal activity; and the  
20 United States may make derivative use of and may pursue any investigative leads  
21 suggested by her.

22 11. United States Sentencing Guideline Calculations:

23 The Defendant and the United States acknowledge that the final Sentencing  
24 Guidelines calculations will be determined by the Court. If the Court orders a  
25 Presentence Investigation Report, the Defendant and the United States  
26 acknowledge that the Court will receive input from the United States Probation  
27 Office on the appropriate sentencing Guidelines calculation. The Defendant and  
28 the United States reserve the right to advise the Court about the law and facts

1  
2 applicable to any sentencing issues. If the Court orders a Presentence  
3 Investigation Report, the Defendant and the United States reserve the right to  
4 advise the Court and the United States Probation Officer about the law and the  
5 facts applicable to any sentencing issue.

6 *a. Base Offense Level:*

7 The United States and the Defendant agree that the base offense level for  
8 Conspiracy to Commit Wire/Mail Fraud is 6. *See* USSG § 2B1.1(a)(2).

9 *b. Specific Offense Characteristics:*

10 The Defendant acknowledges that the United States contends that the base  
11 offense level should be increased based on the reasonably foreseeable loss  
12 resulting from the Defendant's involvement in the conspiracy, which involvement  
13 began on approximately August 4, 1999, and continued through August 11, 2005.  
14 USSG § 2B1.1(b)(1) and USSG § 1B1.3 (relevant conduct). The Defendant  
15 acknowledges that the United States contends that the loss is more than  
16 \$2,500,000, but less than \$7,000,000, which loss amount results in an eighteen-  
17 level increase in the Defendant's base offense level. USSG § 2B1.1(b)(1)(J). The  
18 United States acknowledges that the Defendant contends that the reasonably  
19 foreseeable loss amount is less than \$2,500,000, which will result in a smaller  
20 increase in her base offense level, if any.

21 The Defendant acknowledges that the United States contends that her base  
22 offense level should be increased by an additional six levels because the  
23 conspiracy involved a scheme to defraud 250 or more victims. *See* USSG §  
24 2B1.1(b)(2)(C). The United States acknowledges that Defendant contends there  
25 should be no such increase.

26 The Defendant also acknowledges that the United States contends that her  
27 base offense level should be increased by an additional two levels because the  
28 conspiracy involved misrepresentations that the Defendant was acting on behalf of



1  
2 one or more educational or religious organizations. *See* USSG § 2B1.1(b)(8)(A).  
3 The United States acknowledges that Defendant contends there should be no such  
4 increase.

5 The Defendant acknowledges further that the United States contends that  
6 her base offense level should be increased by an additional two levels because the  
7 Defendant relocated, or participated in relocating, the fraudulent scheme to  
8 another jurisdiction to evade law enforcement or regulatory officials or otherwise  
9 involved sophisticated means. *See* USSG § 2B1.1(b)(9)(A), (B). The United  
10 States acknowledges that Defendant contends there should be no such increase.

11 *c. Vulnerable Victim:*

12 The Defendant acknowledges that the United States contends that her base  
13 offense level should be increased by an additional two levels because the  
14 Defendant knew or should have known that a victim of the offense was a  
15 vulnerable victim. *See* USSG § 3A1.1(b). The United States acknowledges that  
16 Defendant contends there should be no such increase.

17 *d. Aggravating Role:*

18 The Defendant acknowledges that the United States contends that her base  
19 offense level should be increased by an additional four levels because the  
20 Defendant was an organizer or leader of criminal activity that involved five or  
21 more participants or was otherwise extensive. USSG § 3B1.1(a).

22 *e. Acceptance of Responsibility:*

23 If Defendant pleads guilty and demonstrates a recognition and an  
24 affirmative acceptance of personal responsibility for her criminal conduct,  
25 provides complete and accurate information during the sentencing process, and  
26 does not commit any obstructive conduct, the United States will recommend a  
27 two-level reduction of her adjusted offense level for acceptance of responsibility  
28 and move for a one-level reduction for timely entering a plea of guilty. *See* USSG

1  
2 § 3E1.1(a) and (b). As a condition of this recommendation, the Defendant agrees  
3 to pay the \$100 mandatory special penalty assessment (*see* 18 U.S.C. §  
4 3013(a)(2)(A)) to the Clerk of the Court for the Eastern District of Washington, at  
5 or before sentencing, in accordance with paragraph 17 herein. *See infra*.

6 Furthermore, the Defendant and the United States agree that the United States  
7 may, at its option and upon written notice to the Defendant, not recommend a  
8 reduction for acceptance of responsibility if, prior to the imposition of sentence,  
9 she is charged with or convicted of any criminal offense whatsoever and/or if she  
10 tests positive for any controlled substance.

11 *f. Criminal History:*

12 The Defendant and the United States understand that her criminal history  
13 computation will be determined by the Court. However, if the Court orders a  
14 Presentence Investigation Report, her criminal history computation will be  
15 determined by the Court, based on input from the United States Probation Office  
16 and the Presentence Investigation Report. The Defendant and the United States  
17 acknowledge they have made no agreement and have made no representations as  
18 to the Criminal History Category within which the Defendant falls.

19 12. Incarceration:

20 The Defendant and the United States agree and will jointly recommend at  
21 sentencing that, pursuant to Fed.R.Crim.P. 11(c)(1)(C), a 36-month term of  
22 imprisonment, to be followed by a three-year term of supervised release, is an  
23 appropriate disposition of this case. The United States acknowledges that the  
24 Defendant reserves the right to recommend to the Court that the Defendant's  
25 sentence of imprisonment consist of home detention. The Defendant  
26 acknowledges that the United States will oppose Defendant's recommendation for  
27 home detention. In the event that the Court orders the Defendant to report to  
28 prison, the United States acknowledges that the Defendant will ask the Court to

1  
2 permit the Defendant to self-surrender. The United States reserves the right to  
3 object to the Defendant's request to self-surrender.

4 The United States acknowledges that the Defendant will request the Court  
5 to proceed to sentencing without input from the United States Probation Office  
6 and a Presentence Investigation Report, pursuant to Fed.R.Crim.P. 32(c)(1)(A)(ii).  
7 The Defendant acknowledges that the United States will oppose this request.

8 13. Withdrawal from Plea Agreement:

9 Pursuant to this Rule 11(c)(1)(C) Plea Agreement, the Defendant and the  
10 United States understand that, if the Court accepts this Plea Agreement, the Court  
11 is bound by the "specific sentence" of 36 months and the other terms agreed upon  
12 by the parties. If the Court rejects this Plea Agreement pursuant to Fed.R.Crim.P.  
13 11(c)(5), either party may withdraw from this Plea Agreement and the Defendant  
14 may withdraw her plea of guilty pursuant to Fed.R.Crim.P. 11(d)(2)(A).

15 14. Criminal Fine:

16 In order for the Defendant's assets to be available for forfeiture to the  
17 United States, the Defendant and the United States agree to recommend that the  
18 Court impose no fine.

19 15. Supervised Release:

20 The Defendant and the United States agree to recommend that the Court  
21 impose a three-year term of supervised release to include the following special  
22 conditions, in addition to the standard conditions of supervised release:

23 a. that the Defendant's person, residence, office, vehicle, and  
24 belongings shall be subject to search at the direction of her designated Probation  
25 Officer;

26 b. that the Defendant shall provide financial information  
27 (including the filing of periodic financial reports), provide copies of Federal  
28

1  
2 income tax returns, and allow credit checks, at the direction of her designated  
3 Probation Officer;

4 c. that the Defendant shall disclose all assets and liabilities and  
5 shall not transfer, sell, give away, or otherwise convey or secret any asset, without  
6 the advance approval of her designated Probation Officer;

7 d. that the Defendant shall be prohibited from incurring any new  
8 debt, opening new lines of credit, or entering any financial contracts or obligations  
9 without the prior approval of her designated Probation Officer;

10 e. that the Defendant shall be prohibited from working in the  
11 educational field, with the exception of writing, programming, and selling real  
12 estate courses if approved by her designated Probation Officer; and

13 f. that the Defendant shall allow her designated Probation Officer  
14 to conduct random inspections, including retrieval and copying of data from any  
15 computer, and any personal computing device that the Defendant possesses or has  
16 access to, including any internal or external peripherals. This may require  
17 temporary removal of the equipment for a more thorough inspection. The  
18 Defendant shall not possess or use any data encryption technique or program. The  
19 Defendant shall purchase and use such hardware and software systems that  
20 monitor the Defendant's computer usage, if directed by the Probation Officer.

21 16. Restitution:

22 The Defendant and the United States agree to recommend that, pursuant  
23 to 18 U.S.C. § 3663A(c)(3), the Court not order restitution to the victims of the  
24 wire/mail fraud conspiracy offense because: (1) the number of identifiable victims  
25 is so large as to make restitution impracticable; or (2) determining complex issues  
26 of fact related to the cause or amount of the victim's losses would complicate or  
27 prolong the sentencing process to a degree that the need to provide restitution to  
28 any victim is outweighed by the burden on the sentencing process.

1  
2       17.   Mandatory Special Penalty Assessments:

3       The Defendant agrees to pay the \$100 mandatory special penalty assessment  
4 to the Clerk of Court for the Eastern District of Washington, at or before  
5 sentencing, pursuant to 18 U.S.C. § 3013, and shall provide a receipt from the  
6 Clerk to the United States before sentencing as proof of this payment.

7       18.   Payments While Incarcerated:

8       If the Defendant lacks the financial resources to pay any monetary  
9 obligations imposed by the Court, and if the Defendant is incarcerated, she agrees  
10 to participate in the Bureau of Prisons' Inmate Financial Responsibility Program.

11       19.   Additional Violations of Law Can Void Plea Agreement:

12       The Defendant and the United States agree that the United States may at its  
13 option and upon written notice to the Defendant, withdraw from this Plea  
14 Agreement or modify its recommendation for sentence if, prior to the imposition  
15 of sentence, the Defendant is charged or convicted of any criminal offense  
16 whatsoever or if the Defendant tests positive for any controlled substance.

17       20.   Forfeiture:

18       a.    *Count 3 Assets:*

19       With the exception of that lot or parcel of land, together with its buildings,  
20 appurtenances, improvements, fixtures, attachments and easements, furniture,  
21 clothing, personal effects, Ford F-150 truck, lawn equipment, two computers, one  
22 printer, and inventory for the real estate school owned by the Defendant, located at  
23 3127 East River Glen Drive, Colbert, Washington, Parcel Number 37033.9137, the  
24 Defendant agrees to forfeit all right, title and interest in favor of the United States,  
25 in the real property, personal property and U.S. currency identified in Count 3 of  
26 the Indictment, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

27       The Defendant also agrees to execute any and all forms and/or pleadings necessary  
28 to effectuate such forfeiture.

1  
2                   REAL PROPERTY

3 All that lot or parcel of land, together with its buildings,  
4 appurtenances, improvements, fixtures, attachments and easements,  
5 described as Parcel Number 37033.9138 located in Spokane County,  
6 Washington, (title to said real property is vested in Steven Randock  
and Dixie E. Randock, husband and wife), more particularly  
described as:

7                   Parcel Number 37033.9138, located in Spokane County,  
8 Washington:

9                   The West 440 feet of that portion of the Southwest  
10 Quarter of Section 3; Township 27 North, Range 43  
East, W.M., described as follows;

11                   Beginning at the Southwest Corner of Section 3; thence  
12 North 00°04'10" East 73 feet to the True Point of  
13 Beginning; thence continuing North 00°04'10" East 587  
14 feet along the section line; thence South 89°52'45" East  
15 1,422.87 feet; thence South 00°04'10" West 22.81 feet to  
16 the centerline of the Little Spokane River; thence South  
79°12' West 140 feet; thence South 50°50' West 530  
feet; thence South 18°54'06" West 181.74 feet; thence  
South 00°26'24" West 30 feet; thence North 89°52'45"  
West 816.01 feet to the True Point of Beginning; Except  
County Rd;

17                   Together with all appurtenances, fixtures, attachments,  
18 and improvements thereto and thereupon.

19                   SUBJECT to any easements, rights of way, reservations  
and/or exceptions of record.

20                   CURRENCY

21                   \$10,320.00 United States currency seized on or about  
22 August 11, 2005, from Steven Randock and Dixie  
Randock.

23                   CONVEYANCE

24                   2001 Jaguar XK8, VIN: SAJDA42CX1NA13599.

25                   SAFE DEPOSIT BOX

26                   \$43,600.00 United States currency discovered and seized  
27 on or about August 11, 2005, from safe deposit box  
28 #155, located at American West Bank, rented by

1  
2 Lawrence ("Larry") Randock and/or Steven K. Randock,  
3 Sr.

4 FUNDS SEIZED FROM BANK ACCOUNTS

5 1) Funds in the amount of \$2,042.54 United States  
6 currency, held in the name of AEIT, Inc., and/or Steven  
7 Randock and Dixie Randock, seized from Wells Fargo  
8 Bank Account Number XXX-XXX2052 on or about  
9 August 11, 2005; and,

10 2) Funds in the amount of \$555.43 United States  
11 currency, held in the name of AEIT and/or Steven  
12 Randock and Dixie Randock, seized from Bank of  
13 Fairfield Account Number XXXX8759 on or about  
14 August 11, 2005.

15 BANK ACCOUNT(S)

16 1) \$280,000.00 United States funds or other monetary  
17 instruments credited to Banc Caribe Account Number  
18 CK-XX0941, held in the name of Saint Regise  
19 University (AEIT Peer Degree Program) Graduate  
20 School, and/or Steven Randock and Dixie Randock;

21 2) \$150,000.00 United States funds or other monetary  
22 instruments credited to Banc Caribe Account Number  
23 SV-XX0084, held in the name of Saint Regise University  
24 (AEIT Peer Degree Program) Graduate School, and/or  
25 Steven Randock and Dixie Randock; and,

26 3) \$50,000.00 United States funds or other monetary  
27 instruments credited to Loyal Bank, Limited Account  
28 Number XXXXXXXXX2405, held in the names of Steven  
K. Randock and Dixie Randock.

29 The Defendant agrees to consent to the entry of orders of forfeiture for such  
30 property and waives the requirements of Federal Rules of Criminal Procedure 32.2  
31 and 43(a) regarding notice of the forfeiture in the charging instrument,  
32 announcement of the forfeiture at sentencing, and incorporation of the forfeiture in  
33 the judgment. The Defendant acknowledges that she understands that the  
34 forfeiture of assets is part of the sentence that may be imposed in this case and  
35 waives any failure by the Court to advise him of this, pursuant to Rule 11(b)(1)(J),  
36 at the time her guilty plea is accepted.

37 Plea Agreement - 31

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2       ***b. Additional Forfeitable Property:***

3       The Defendant agrees to relinquish all right, title and interest to the United  
4 States in any additional assets, which she identifies in her debriefings, and hereby  
5 agrees to execute any and all forms and pleadings necessary to effectuate  
6 forfeiture of said assets.

7       The Defendant agrees to hold the United States, the United States Secret  
8 Service, the State of Washington Attorney General's Office, and the Spokane  
9 Police Department, and any and all agencies, and their agents and employees,  
10 harmless from any and all claims whatsoever in connection with the investigation,  
11 prosecution of charges, and the seizure and forfeiture of property covered by this  
12 Plea Agreement.

13       The Defendant further agrees to waive all constitutional and statutory  
14 challenges in any manner (including direct appeal, habeas corpus, or any other  
15 means) to any forfeiture carried out in accordance with this Plea Agreement on  
16 any grounds, including that the forfeiture constitutes an excessive fine or  
17 punishment. The Defendant agrees to take all non-monetary steps as requested by  
18 the United States to pass clear title to the assets to the United States and to testify  
19 truthfully in any forfeiture proceeding. The Defendant acknowledges that the  
20 assets covered by this agreement are subject to forfeiture as property obtained with  
21 proceeds of illegal conduct.

22       **21. Integration Clause:**

23       The United States and the Defendant acknowledge that this document  
24 constitutes the entire Plea Agreement between the United States and the  
25 Defendant, and no other promises, agreements, or conditions exist between the  
26 United States and the Defendant concerning the resolution of the case. This Plea  
27 Agreement is binding only upon the United States Attorney's Office for the  
28 Eastern District of Washington, and cannot bind other federal, state or local

Plea Agreement - 32

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2 authorities. The United States and the Defendant agree that this agreement cannot  
3 be modified except in a writing that is signed by the United States and the  
4 Defendant.

5 Approvals and Signatures

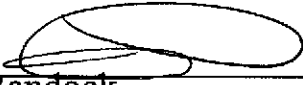
6 Agreed and submitted on behalf of the United States Attorney's Office for  
7 the Eastern District of Washington.

8  
9 James A. McDevitt  
United States Attorney

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11  
12   
George J.C. Jacobs, III  
Assistant U.S. Attorney

13  3/26/08  
Date

14  
15 I have read this Plea Agreement and have carefully reviewed and discussed  
16 every part of the agreement with my attorney. I understand and voluntarily enter  
17 into this Plea Agreement. Furthermore, I have consulted with my attorney about  
18 my rights, I understand those rights, and I am satisfied with the representation of  
19 my attorney in this case. No other promises or inducements have been made to  
20 me, other than those contained in this Plea Agreement, and no one has threatened  
21 or forced me in any way to enter into this Plea Agreement. I am agreeing to plead  
22 guilty because I am guilty.


23  
24   
Dixie E. Randock  
Defendant

25 3/26/08  
Date

26 I have read the Plea Agreement and have discussed the contents of the  
27 agreement with my client. The Plea Agreement accurately and completely sets  
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forth the entirety of the agreement between the parties. I concur in my client's decision to plead guilty as set forth in the Plea Agreement. There is no legal reason why the Court should not accept the Defendant's plea of guilty.

  
Phillip J. Wetzel  
Attorney for the Defendant

3/26/08  
Date